INTERIM REPORT 1ST QUARTER 2011 OCEANTEAM SHIPPING ASA

OCEANTEAM SHIPPING

OCEANTEAM SHIPPING ASA – Q1 2011 INTERIM REPORT
ISSUE DATE 25TH MAY 2011

GOING FORWARD

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Construction Service – and PipeLay Vessels, Fast Support Vessels and Equipment.

With the inhouse experience and expertise we ensure that our Clients contracts the most effective vessel solution for their projects. We can provide high level assistance and give support on every aspect of the fleet we manage.
This includes both operational- and technical support.

Oceanteam Shipping operates on a global basis where we serve three markets:

- oil and gas
- offshore renewables
- high voltage submarine power interconnectors

For more information: www.oceanteam.no

HIGHLIGHTS FOR THE QUARTER

- Revenue from continuing operations USD 12.7 million
- EBITDA from continuing operations is positive USD 4.4 million
- Operating profit of USD 2.6 million
- Net finance cost incl. Exchange Rate Effects USD 4.7 million

KEY FIGURES FOR THE GROUP

Figures in USD MILLION	Q1 2011	2010
Total operating revenues	**12,7**	**47**
Operating costs	(5,6)	(22)
EBITDA	**4,4**	**17**

Q1 2011	Shipping		Engineering		Total
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
Revenue	7 483	7 300	5 212	3 200	12 695
Inter segment revenue					
Operating costs	(2 011)	(2 600)	(3 600)	(2 500)	(5 611)
General & Administration	(1 368)	(357)	(1 272)	(483)	(2 640)
EBITDA	**4 104**	**4 343**	**340**	**217**	**4 444**
EBITDA percentage of revenue	**55 %**	**59 %**	**7 %**	**7 %**	**35 %**

FIRST QUARTER 2011 OPERATIONS

- CSV Bourbon Oceanteam 101 started a period of 2 month for planned maintenance and crane upgrades. From March the vessel started the charter with BP Angola.
- CSV North Ocean 102 and 7000-tonnes lay system has been on charter with McDermott International and has worked in the Middle East and has since been transferred to the Batham, Indonesia for mobilisation works for its next project.
- CSV Southern Ocean has been fully operational with Fugro -TS Marine Australia.
- CSV North Ocean 105 steel works is in progress at Metal Ships in Vigo, Spain. Upon completion first half-year of 2012 the vessel will start a 5 year charter with McDermott International.
- Cable lay barge Oceanteam Installer started a 2 year bareboat contract commencing February 2011.
- The Fast Support Vessels have been working in Mexico and the vessels have been mobilised to Venezuela for start of operations under 3 year contracts.

RESTRUCTURING PROCESS

Oceanteam Shipping has completed its organisational restructuring. The company has completed the consolidation of its business and has brought the organization in line with its new focus as Oceanteam Shipping.

In 2011 efforts continue to be made to harmonize covenants in the different loan agreements and to refinance both the vessels and the company as part of the restructuring plan.

The refinancing process could be affected with the conditions in the financial markets and Exchange Rate development. As part of the restructuring the tax losses within the Group will be settled with future profits where possible.

COMMERCIAL DISPUTES

For remaining issues provisions were made in the accounts if necessary.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations. During the first quarter 2011 the CSV Bourbon Oceanteam 101 has been under upgrade and the company has sold its NOK 30 million investment in the bond loan.

GOING CONCERN

In accordance with the Accounting Act § 3-3a Oceanteam Shipping confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2011 - 2012 and the group's long - term strategic forecasts.

FINANCIAL RISK

Financial risks include interest rate and currency fluctuations, investment and trading risks in general, borrowing and leverage and risk in connection with the vessels under construction / Spanish tax lease. The company has sales revenues and liabilities in foreign currencies and is exposed to currency risks.
This risk is particularly relevant for the liabilities in Norwegian Kroner and revenue and liabilities in the EURO.

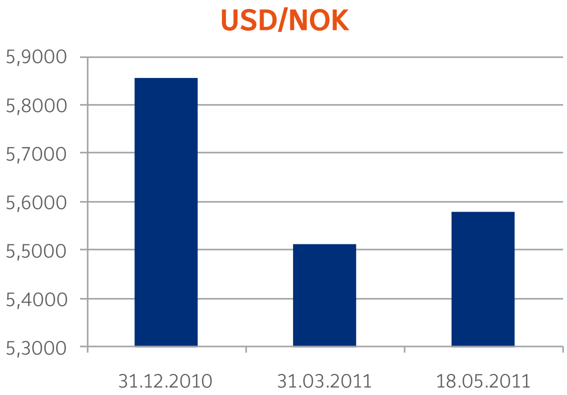
The company is exposed to changes in interest rates as the bulk of its debt has floating rates. The CSV North Ocean 105 is fully financed in USD for the construction costs where the loan is hedged in EURO and where the interest is fixed.

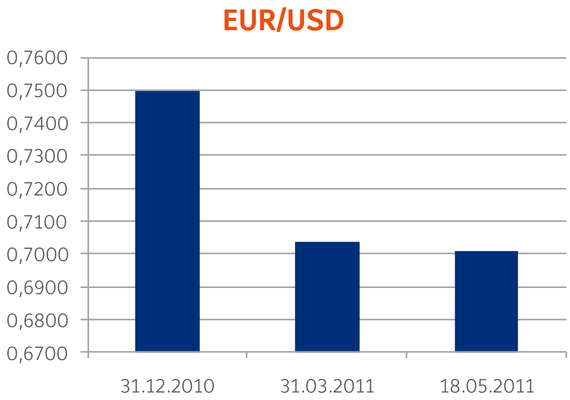
The objective of the Company is to reduce the financial risk as much as possible. Current strategy does not include the use of financial instruments, but is largely based on natural hedging where income streams and costs are matched for the various projects. This is, however, continuously being assessed by the Board of Directors.

During the first quarter 2011 the strengthening value of NOK and the strengthening of EURO compared to the US dollars, has had a negative equity effect of USD 6 million compared to 31st December 2010. The booked equity ratio is 35.1 percentages and the Company is in constructive dialogues with its banks and bond holders to refinance the current debts.

In the graphs the currency development between the US dollars and the Norwegian Kroner and EURO is presented. For the company it will reduce (increase) the equity with USD 1.3 million if the exchange rate move from 5.50 to 5.40 (5.60).

The company has per 31st March 2011 EURO 24 million in debt which also will be sensitive for currency fluctuation. An increase (decrease) in the exchange rate USD - EURO from 1.4 to 1.5 (1.3) will effect the equity with USD 2.4 million.





	31.12.2010	31.03.2011	18.05.2011
EUR/ USD	0,7496	0,7038	0,7009
USD/ NOK	5,8564	5,5130	5,5781
NOK/ USD	0,1708	0,1814	0,1793
USD/ EUR	1,3340	1,4208	1,4267

	31.12.2010	31.03.2011	18.05.2011
EUR/ USD prc.	100 %	**-6,11 %**	**-6,49 %**
USD/ NOK prc.	100 %	**-5,86 %**	**-4,75 %**
NOK/ USD prc.	100 %	6,21 %	4,96 %
USD/ EUR prc.	100 %	6,51 %	6,95 %

MARKET AND FUTURE OUTLOOK

Oceanteam Shipping continue to notice that market activity has increased in both Oil and Gas – and Renewable Market in certain regions and we expect this trend to continue.

Oceanteam Shipping is confident and has secured sufficient projects in both the oil and gas and the renewable energy markets to maintain a high level of utilization of its assets.

The company's strategy to focus on the provision of ''state of the art'' construction support vessels and engineering services for the oil and gas market, as well as the offshore renewable market provides the company with excellent opportunities in the near future. The company experiences strong interest for its vessels from leading companies in its markets.

Oceanteam Shipping has further three construction options available for its new CSV North Ocean 200 series design.

INVESTMENTS

Oceanteam Shipping is planning to continue its investment program in high specification offshore construction supports vessels. CSV North Ocean 105 is in progress with expected delivery at second quarter 2012. During the first quarter a crane upgrade program in combination with mandatory docking requirement for CSV Bourbon Oceanteam 101. From early March onwards the vessel has been working for BP Angola.

EVENTS AFTER THE BALANCE SHEET DATE

- The two Fast Support Vessels Tiburon and Mantayara have been moved to Venezuela for entering the bare boat contracts in May
- One charter of Fast Support Vessel started a two year time charter for Diavaz Mexico in the Bay of Campeche.
- Oceanteam Engineering, which is partly seasonal work, secured sufficient back log for the year to see increased activity and performance in Q2 and Q3 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP Figures in USD '000

	Notes	Unaudited Q1 2011	Q1 2010
Revenue	4	12 695	9 939
Total operating revenues		**12 695**	**9 939**
Operating costs		(5 611)	(5 076)
General & administration		(2 640)	(1 680)
Depreciation	2	(3 956)	(2 856)
Write off assets	2	2 098	
Total operating expenses		**(10 109)**	**(9 612)**
Operating profit (loss)		**2 586**	**327**
Financial income		115	1 817
Financial costs	5	(3 681)	(2 232)
Foreign exchange results (loss)		(1 161)	(2 118)
Net finance		**(4 727)**	**(2 532)**
Ordinary profit (loss) before taxes		**(2 141)**	**(2 205)**
Corporate income tax	6	(52)	(19)
Net result from continuing operations		**(2 194)**	**(2 224)**
Net result from discontinued operations			**(1 033)**
Net result for the quarter		**(2 194)**	**(3 257)**

GROUP Figures in USD ‘000

		Unaudited	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	Q1 2011	Q1 2010
Total net result		(2 194)	(3 257)
Changes in revaluation model		3 814	13 276
Other comprehensive income		(4 321)	
Translation differences		201	(42)
Total comprehensive income for the year		(2 500)	9 977
Profit (Loss) attributable to:			
Owners of the company		(2 276)	(3 284)
Non-controlling interests		82	28
Profit (Loss) for the quarter		(2 194)	(3 257)
Total comprehensive income attributable to:			
Owners of the company		(2 582)	9 949
Non - controlling interests		82	28
Total comprehensive income for the year		(2 500)	9 977
Earnings per share (in USD)			
Basic earnings per share (in USD)		(0,01)	(0,02)
Diluted earnings per share (in USD)		(0,00)	(0,01)
Earnings per share - continuing operations			
Basic earnings per share (in USD)		(0,01)	(0,01)
Diluted earnings per share including warrants II (in USD)		(0,00)	(0,00)
Number of shares in the period		150 788	150 788
Number of shares in the period, diluted warrants I		299 774	299 774
Number of shares in the period, diluted warrants II		446 785	446 785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP Figures in USD '000

	Notes	Unaudited 31.03.2011	31.12.2010
Assets			
Deferred tax assets		3 831	3 831
Customer relations		3 669	4 034
Goodwill		12 987	12 987
Intangible assets	**3**	**20 487**	**20 852**
Investment in associates		5 850	4 828
Vessels and equipment		230 723	221 517
Tangible assets	**2**	**236 573**	**226 345**
Total non current assets		**257 060**	**247 197**
Trade receivables		8 585	6 299
Other receivables		4 157	3 525
Receivables		**12 742**	**9 824**
Cash and cash equivalents		**13 822**	**13 501**
Current assets		**26 564**	**23 325**
Total assets		**283 624**	**270 523**

		Unaudited 31.03.2011	31.12.2010
Equity and liabilities			
Share capital		1 291	1 291
Equity		17 318	23 632
Revaluation reserve	2	80 969	77 155
Total equity		**99 578**	**102 078**
Loans and borrowings		151 138	141 694
Total non-current liabilities	**5**	**151 138**	**141 694**
First year installments	5	10 140	9 955
Trade payables		14 212	6 619
Other current liabilities		8 558	10 175
Total current liabilities		**32 910**	**26 749**
Total liabilities		**184 048**	**168 443**
Total equity and liabilities		**283 624**	**270 523**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	Unaudited Q1 2011	Q1 2010	2010
Equity at period opening balance (Number of shares: 150,788,393)	**102 078**	**72 995**	**78 292**
Profit after taxes majority	(2 276)	(3 284)	(2 153)
Profit after taxes minority	82	28	399
Revaluation of assets	3 814	13 276	28 425
Other comprehensive income	(4 321)		
Translation differences and coverage of previous losses	201	(42)	(3 286)
Equity in associates			(2 357)
Increased in minorities			2 758
Share issue			
- Equity issue			
Equity at period end (Number of shares: 150,788,393)	**99 578**	**82 973**	**102 078**

Subscription rights issued:

Warrants I - become active when bond loan is repaid before 19th June 2014: 148,986,069 - subscription price NOK 0.10

Warrants II - become active when bond loan is not repaid before 19th June 2014: 295,996,677 - subscription price NOK 0.10

Consolidated statement of changes in equity	Share capital	Share premium	Goodwill, equity associates, translation reserve	Revaluation reserve	Retained earnings	Total	Minorities	Total equity
Equity at 31 December 2010	1 291	61 254	2 550	77 155	(43 773)	98 477	3 602	102 078
Profit and loss					(2 113)	(2 113)	(81)	(2 194)
Coverage of previous losses								
Other comprehensive income								
Currency adjustment bond loan				(4 321)		(4 321)		(4 321)
Changes in revaluation model				3 814		3 814		3 814
Increased in minorities								
Equity in associates								
Translation differences						201		201
Total comprehensive income				**(507)**		**(2 419)**	**(81)**	**(2 500)**
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 31 March 2011	**1 291**	**61 254**	**2 550**	**76 648**	**(43 773)**	**96 058**	**3 521**	**99 578**

Consolidated statement of changes in equity	Share capital	Share premium	Goodwill, equity associates, translation reserve	Revaluation reserve	Retained earnings	Total	Minorities	Total equity
Equity at 31 December 2009	1 291	61 254	8 193	48 730	(41 620)	77 848	445	78 292
Profit and loss					(2 153)	(2 153)	399	(1 754)
Coverage of previous losses								
Other comprehensive income								
Changes in revaluation model				28 425		28 425		28 425
Increased in minorities							2 758	2 758
Equity in associates			(2 357)			(2 357)		(2 357)
Translation differences			(3 286)			(3 286)		(3 286)
Total comprehensive income			**(5 643)**	**28 425**	**(2 153)**	**20 629**	**3 157**	**23 786**
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 31 December 2010	**1 291**	**61 254**	**2 550**	**77 155**	**(43 773)**	**98 477**	**3 602**	**102 078**

CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

		Unaudited	
		Q1 2011	Q1 2010
Ordinary profit (loss) before taxes		**(2 141)**	**(2 205)**
Depreciation and amortization of tangible assets		3 956	2 856
Write off assets		(2 098)	
Change in trade receivables		(2 286)	(647)
Change in other receivables		(632)	(648)
Change in trade payables		7 593	(93)
Change in other accruals		(1 617)	(66)
Net cash flow from operating activities of discontinued operations			(12 924)
Net cash flow from operating activities		**2 775**	**(13 727)**
Net cash flow from investing activities of continuing operations		(8 083)	(1 420)
Net cash flow from investing activities		**(8 083)**	**(1 420)**
Issuance of shares			
Net down payment of debt	(5)	3 985	(6 877)
Net cash flow from financing activities of discontinued operations			
Net cash flow from financing activities		**3 985**	**(6 877)**
Effect of changes to exchange rates on cash and cash equivalents		1 645	2 982
Net change in cash and equivalents		**322**	**(19 041)**
Cash and equivalents at start of period		**13 501**	**32 134**
Cash and equivalents at end of period		**13 822**	**13 093**

SELECTED EXPLANATORY NOTES

The 3rd February 2011 the company has changed name from Oceanteam ASA to Oceanteam Shipping ASA. The ticker code at the Oslo Exchange (www.ose.no) has also been changed from OPU to OTS. The name change reflects OTS's strategic change and refocuses after the exit of the subsea power cable installation projects.

NOTE 1 - FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q1 2011 has been prepared in accordance with IAS 34 Interim Financial Statements and it has been prepared in accordance with the same accounting principles as the Financial Statements for 2010, unless otherwise is stated.

SELECTED ACCOUNTING PRINCIPLES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010.

The revaluation on CSV assets under construction was taken into account as from Q4 2009.

NOTE 2 - TANGIBLE ASSETS

GROUP Figures in USD '000

Q1 2011	Participa-tion in CSV 105	Construction Support Vessels (CSV)	Fast Support Vessels, Barge, Machinery & other	Total
Historical cost 31 December 2010	4 828	137 589	37 851	180 268
Additions		9 235	13	9 248
Disposals		(169)	(169)	(845)
Historical Cost 31 March 2011	**4 828**	**146 824**	**37 695**	**189 347**
Accumulated depreciation 31 December 2010		(11 050)	(9 378)	(20 428)
Depreciation		(3 102)	(854)	(3 956)
Disposals depreciation				
Accumulated depreciation 31 March 2011		**(14 152)**	**(10 232)**	**(24 384)**
Accumulated impairments 31 December 2010			(10 651)	(10 651)
Impairments/reversals			2 098	2 098
Accumulated impairments 31 March 2011			**(8 553)**	**(8 553)**
Historical Cost 31 March 2011	**4 828**	**132 672**	**18 910**	**156 410**
Revaluation reserve 31 December 2010		**77 155**		**77 155**
Change in revaluation	1 086	2 728		3 814
Revaluation reserve 31 March 2011	**1 086**	**79 883**		**80 969**
Accumulated depreciation 31 December 2010				(2 062)
Depreciation premium values		(806)		(806)
Revaluation reserve 31 March 2011	**1 086**	**79 077**		**80 163**
Carrying amount 31 March 2011	**5 914**	**211 749**	**18 910**	**236 573**
Depreciation rates		5-25 years	3-15 years	
Depreciation method	none	linear	linear	

When internal resources are used to engineer and construct a fixed asset, the relevant costs are added to the historical cost. All construction financing costs are capitalized. The Construction Support Vessel's (CSV's) and the Crew Boats are financed and held for security, see note loans and borrowings.

Oceanteam Shipping ASA has three options to build three new CSV vessels. The time line for exercising the option for CSV North Ocean 206 is within the first half year of 2011 and then every 6 months onwards.

The assumptions in the revaluation model are the following:

- The model for the calculation of the revaluation has been developed in cooperation with external experts and has the following features:
- Oceanteam is updating the model quarterly
- Two external valuations from independent brokers where the Construction Support Vessel (CSV) is traded between a willing buyer and a willing seller in an active market
    - the Brokers opinion of recent newbuilding quotes of similar tonnage
    - the Brokers are evaluating the replacement costs of comparable vessels
    - the Brokers are evaluating if any recent sales of comparable vessels in the market

The above 3 assumptions form Brokers sole opinion of the fair market value any asset in the prevailing market as between a willing seller and a willing buyer, charter free.

In the market for CSV vessels there are few transactions of similar tonnage and charter rates often are adjusted to specific projects, the valuation is mostly based on Brokers opinion of recent newbuilding quotes of similar tonnage and equipment.

In general the Brokers state that they cannot as brokers give any assurances that the valuation can be substained or realizable in any actual transactions. The vessels are also valued individually. If all or any of them were placed on the market at the same time, no assurance can be given that the amount realized would be equal to the total of the individual valuations.

- The average of two brokers valuation on a charter free CSV vessel with prompt delivery
- The estimated economically lifetime is 25 year from delivery of the vessel
- The calculated cash flow from the time charter on the revaluated CSV vessel is being compared with the estimated brokers charter.
- The premium value of the vessel is depreciated linear over the useful life of the assets

- The cash flow from the charter is discounted with a WAAC of 10 percent. The calculation of the WAAC has the following assumptions:
    - 10 year state USD and 10 year SWAP margin
    - a 40/60 ratio of equity/ debt
- When Oceanteam Shipping has a signed building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam Shipping is applying the revaluation model for the CSV Vessels. The accounting impact when applying the revaluation model is that the CSV Vessels are measured at fair value in the balance sheet. The lines on the balance sheet "Vessels and equipment" on the asset side under tangible assets and the line "Revaluation reserve" is affected by the revaluation method. The historical costs for the CSV vessels are shown in the table above for tangible asset under the column "Construction and Support Vessels" and also the revaluation surplus under the line revaluation reserve in the table.
- Per balance sheet date the CSV 101, CSV 102, CSV 104 and CSV 105 was revaluated.

Reversal of write off for SMD plough:

The SMD Plough was written down with the amount of EUR 1.5 million at the end of 2009 due to confiscation and dispute. Per 18th March the Group reached a settlement agreement and the plough is expecting to be on hire in from second quarter 2011. The reversal of the write down is based on the fact that the plough will generate a cash flow and therefore must be presented with its correct value.

NOTE 3 - INTANGIBLE ASSETS

GROUP Figures in USD '000

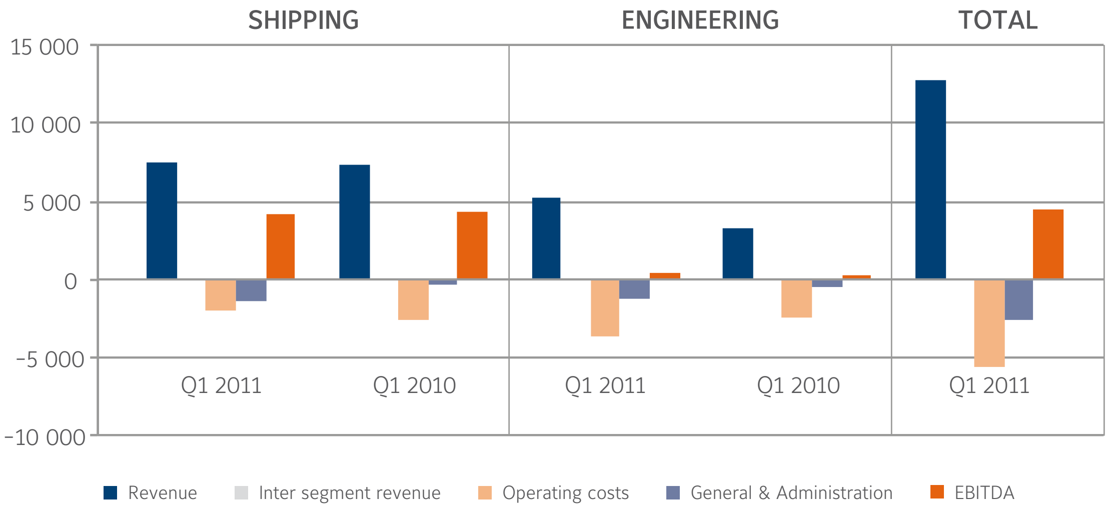
Q1 2011	Goodwill	Customer relations	Deferred tax	Intangible assets
Historical cost 31 December 2010	12 987	4 400	3 831	21 218
Additions				
Disposals				
Historical cost 31 March 2011	**12 987**	**4 400**	**3 831**	**21 218**
Accumulated amortisation 31 December 2010		(365)		(365)
Amortisation		(365)		(365)
Conversion variances				
Amortisation 31 March 2011		**(730)**		**(730)**
Accumulated impairments 31 December 2010				
Impairments/reversals				
Accumulated impairments 31 March 2011				
Book value 31 March 2011	**12 987**	**3 669**	**3 831**	**20 487**

NOTE 4 - SEGMENT INFORMATION

GROUP Figures in USD '000

The Group has two segments, shipping and engineering as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Q1 2011	Shipping		Engineering		Total
	Q1 2011	**Q1 2010**	**Q1 2011**	**Q1 2010**	**Q1 2011**
Revenue	7 483	7 300	5 212	3 200	12 695
Inter segment revenue					
Operating costs	(2 011)	(2 600)	(3 600)	(2 500)	(5 611)
General & Administration	(1 368)	(357)	(1 272)	(483)	(2 640)
EBITDA	**4 104**	**4 343**	**340**	**217**	**4 444**
EBITDA percentage of revenue	**55 %**	**59 %**	**7 %**	**7 %**	**35 %**



NOTE 5 - LOANS AND BORROWINGS

GROUP Figures in USD '000

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interests.

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 March 2011					
Bank/ bond borrowings incl. interests	28 174	57 175	116 757		202 106
Other current liabilities	22 770				22 770
Total liabilities	**50 944**	**57 175**	**116 757**		**224 876**
At 31 December 2010					
Bank/ bond borrowings incl. interests	17 480	32 290	114 260	20 090	184 120
Other current liabilities	16 794				16 794
Total liabilities	**34 274**	**32 290**	**114 260**	**20 090**	**200 914**

Loans/ Currency of loan		True rate of interest	31. March 2011	31. Dec. 2010
CSV 101 (USD)	Secured	EURIBOR + margin	19 318	19 318
CSV 102 (USD/ EUR)	Secured	NIBOR + margin	24 917	25 936
CSV 104 (EUR)	Secured	EURIBOR + margin	36 837	36 114
Two Crew Boats (USD)	Secured	LIBOR + margin	3 247	3 531
Bond loan (NOK)		NIBOR + margin	76 959	66 751
Total long-term debt			**161 278**	**151 649**
1st year principal repayments			10 140	9 955
Total long-term debt			**151 138**	**141 694**

LIQUIDITY RISK, FINANCIAL RISK AND MARKET RISK.

Risk management is carried out by a central treasury function under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses project - based costing to cost its services, which assists in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This policy is seen as sufficient to ensure that the Group is able to manage the potential liquidity impact of circumstances that can reasonably be predicted, such as delays in the execution of projects. Such delays can either be caused by Oceanteam Shipping or the client involved in the contract in question.

Per ending quarter one 2011 the Group has overdraft facilities of EURO 500.000 in addition to the cash balance of USD 13.8 million.

The management is working on a refinancing of the company. The plan is to refinance both the CSV vessels and the bond loan. If the bond loan will be repaid before 4th May 2014, then warrants of 148.9 million will be active at a subscription price of NOK 0.10.

Currency risk

The Group is exposed to currency risk on sales, purchases, cash deposits and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the US dollar (USD), but also EURO and Norwegian Kroner (NOK) .

The major currency risk for the Group is the nominal bond loan of NOK 400 mill and the call premium and the timing of the refinancing of the bond loan. The total loan amount in USD is 76.9 million per 31st March 2011. Incurred interest costs are for the bond loan in NOK and for the other loans in EUR and USD. Provisions are all in EURO and GBP.

Financial risk

Oceanteam Shipping will need to refinance debt in the coming years. At the end of quarter one 2011 the company complies with all its covenants and the company is working to refinance its CSV assets. The decrease of the equity ratio from q4 in 2010 to q1 in 2011 is connected to a USD 6 million currency fluctations on the bond and the EURO bank loan.

Interest risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to fluctuation in interests, Oceanteam Shipping has quarterly fixed interests. The company has also the opportunity to use longer periods as for instance 6 or 9 months. Due to the previously uncertainties in the liquidity situation of the Company, Oceanteam Shipping has used quarterly roll over.

Market risk

The business going forward is shipping operations with a few time charter/ bare boats agreements, and one new

CSV vessel delivered in 2012. Oceanteam Shipping's expectations for the future is reduced market risk connected to lower risk in renting out assets.

The diversification of risks for the engineering risks are divided into three different markets; Oil & Gas, Complex Structures and Renewable Energy.

Credit risk

The credit risks in the Company are regarding clients who are on a long term charter for the CSV vessels and the client's credit risk is evaluated before a charter agreement would be signed. The experience with the clients are very good. The payment terms for chartering out equipment is prepayments of charter or very short credit periods. Engineering services are invoiced when the services is provided.

Operational risk

Operational risks include charters, service life and technical risk of vessels, the Group's limited operating history, risk for substantial responsibilities, the Group's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk and employment risk for the vessels and equipment.

Construction and Support Vessels contract schedule:
- CSV 101: BP Angola until 31st Dec. 2011
- CSV 102: McDermott until 1st August 2015
- CSV 104: Fugro-TSMarine until 31st Dec. 2013
- CSV 105: McDermott until 30th June 2017 (Vessel under construction, delivery in 2012).

NOTE 6 - TAX IN Q1 2011

Taxes in the income statement are estimated on the basis of the average tax rates for each of the companies that constitute the Group. In companies that apply for the Norwegian Tonnage Tax system the the tax rate is set at zero.

Oceanteam Shipping has one Construction Support Vessel which is under the normal tax regime in Norway where the nominal tax percent is 28 percent. However, the Group has major tax losses to be carried forward due to losses on contracting business. Confirmation from the tax authorities of a deferred tax loss of NOK 700 million has been received in October 2010. The Group is analyzing how to utilize the nominal deferred losses of NOK 700 million or USD 116 million.

The deferred tax balance USD 3.8 million on the balance sheet refers to abroad operations.

OCEANTEAM SHIPPING ASSETS

VESSELS

CSV BOURBON OCEANTEAM 101

Upon delivery in December 2007, this DP2 Construction Support Vessel has been operating as a field support vessel with BP Angola for the company's Greater Plutonium Field development (in Block 18). The first of the standard design NorthOcean 100 series is jointly owned by Oceanteam Shipping and Bourbon Ofshore Norway. The ship is 122,5 meters at length with a 27 meter beam. Its excellent seafaring capabilities, one 150 tonnes and one 100tonnes fully heave compensated cranes, moon pool, 2000m2 free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

CSV NORTH OCEAN 102

This DP2 Construction Support Vessel was delivered in Q4 2008. The vessel has been working for ABB High Voltage AB since its delivery and been mobilised with a 7000 tonnes, 2 x 120 tonnes tensioners flexible product installation spread. CSV North Ocean 102 is equipped with one 100 ton heave compensated cranes. The second of the standard design North Ocean 100 series has been converted in one of the largest flexible product installation vessel in the world suitable for both subsea power cables and pipelines. The ship is 137 meter in length and has a 27 meter beam and can accommodate up to 199. The vessel is jointly owned by Oceanteam Shipping and McDermott. The vessel has secured a 5 year charter with McDermott and will be utilised world wide for cable and pipeline installation works.

CSV SOUTHERN OCEAN

The vessel was delivered in Q4 2010 and immediately commenced its first project for Fugro-TSMarine Australia. This DP2 DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large cranes (1 x 250tonnes and 1 x 100 tonnes, heave compensated), 2500m2 deck space, 120accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

VESSELS

CSV NORTH OCEAN 105

High-capacity, rigid-reeled vertical pipelay vessel, with 3000-ton payload reel capacity for subsea construction and installation, and deepwater moorings installation; which will be available as from Q2 2012 for installation works.

FSV MANTARAYA / FSV TIBURON

This innovate Fast Support Vessels (FSV's) are operational in the Gulf of Mexico and will soon transfer to Venezuela. The vessels are capable of transporting 75 p.o.b. and cargo at a cruising speed of 25 knots with largely improved fuel efficiency compared to similar vessel available.
As from 2011 onwards the vessels will be operating in Venezuela.

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